

House File 2241 - Introduced

HOUSE FILE 2241

BY MURPHY

A BILL FOR

1 An Act concerning competitive bidding requirements for service
2 contracts.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 73A.18A Service contracts —
2 bidding requirements — security.

3 1. For purposes of this section, "*service contract*" means
4 a contract for services to be provided by a nongovernmental
5 entity when the predominant factor, thrust, and purpose of
6 the contract as reasonably stated is for the provision of
7 services. When there is a contract for goods and services and
8 the predominant factor, thrust, and purpose of the contract
9 as reasonably stated is for the provision or rendering of
10 services with goods incidentally involved, a service contract
11 exists. "*Service contract*" also includes grants or consulting
12 services when the predominant factor, thrust, and purpose of
13 the contract formalizing the grant or consulting service is for
14 the provision of services.

15 2. When the estimated total cost of a service contract
16 exceeds one hundred thousand dollars, the applicable city or
17 county shall advertise for bids on the proposed contract by
18 two publications in a newspaper of general circulation in the
19 county in which the work is to be performed or in which the
20 service is to be provided. The first advertisement for bids
21 shall be not less than fifteen days prior to the date set for
22 receiving bids. The city or county shall accept the lowest
23 responsible bidder submitting a sealed proposal. However, if
24 in the judgment of the city or county bids received are not
25 acceptable, all bids may be rejected and new bids requested. A
26 bid shall be accompanied, in a separate envelope, by a deposit
27 of money or a certified check or credit union certified share
28 draft in an amount to be named in the advertisement for bids
29 as security that the bidder will enter into a contract for
30 the performance of the work or the provision of services.
31 The city or county shall fix the bid security in an amount
32 equal to at least five percent, but not more than ten percent,
33 of the estimated total cost of the service contract. The
34 checks, share drafts, or deposits of money of the unsuccessful
35 bidders shall be returned as soon as the successful bidder is

1 determined, and the check, share draft, or deposit of money of
2 the successful bidder shall be returned upon execution of the
3 contract documents.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 The bill requires a city or county to utilize a competitive
8 bidding process when entering into a service contract with a
9 nongovernmental entity in which the estimated total cost of
10 the service contract is over \$100,000. The bill defines a
11 service contract as a contract in which the predominant factor,
12 thrust, and purpose of the contract as reasonably stated is for
13 the provision of services and not goods. The bill includes
14 grants and consulting services within the definition of service
15 contracts.

16 If the estimated total cost of the service contract exceeds
17 \$100,000, the bill requires the city or county to advertise for
18 bids and establishes the manner of advertisement. The bill
19 provides that the city or county accept the lowest responsible
20 bidder or, if no bid is deemed acceptable, to reject all bids
21 and submit the contract for bid again. The bill requires bid
22 security to accompany each bid in an amount equal to at least 5
23 percent, but not more than 10 percent, of the estimated total
24 cost of the service contract.